



## TEXAS DEPARTMENT OF INSURANCE

### Division of Workers' Compensation - Medical Fee Dispute Resolution (MS-48)

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## MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

### GENERAL INFORMATION

**Requestor Name**

Memorial Compounding Pharmacy

**Respondent Name**

Znat Insurance Company

**MFDR Tracking Number**

M4-17-3455-01

**Carrier's Austin Representative**

Box Number 47

**MFDR Date Received**

July 26, 2017

### REQUESTOR'S POSITION SUMMARY

**Requestor's Position Summary:** "We have submitted our request for reconsideration and appeal for the above date of service and have not received payment."

**Amount in Dispute:** \$293.10

### RESPONDENT'S POSITION SUMMARY

**Respondent's Position Summary:** "The Claims Examiner has confirmed that no payment is due to Memorial Compounding RX as the disputed services should have been billed through Zenith's PBM, TMESYS."

**Response Submitted by:** The Zenith

### SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
December 19, 2016	Meloxicam	\$202.85	\$185.69
December 19, 2016	Cyclobenzaprine	\$90.25	\$44.93

### FINDINGS AND DECISION

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and applicable rules of the Texas Department of Insurance, Division of Workers' Compensation.

**Background**

1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
2. 28 Texas Administrative Code §133.210 sets out the procedures related to medical bill documentation.
3. The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
  - 790 – This charge was reimbursed in accordance to the Texas Medical Fee Guideline.
  - DP2 – All Zenith pharmacy bills should be submitted by the dispensing pharmacy to TMESYS using one of the methods outlined below.

- Notes: "CHARGES DENIED. DISPENSING PHARMACY IS EITHER IN ZENITH'S PBM AND REQUIRED TO BILL THROUGH THE PBM OR DOES NOT PARTICIPATE IN THE PBM. PBM PARTICIPATING PHARMACIES MUST SUBMIT ALL BILLS TO ZENITH'S PBM TMESYS."

### Issues

- Are Znat Insurance Company's reasons for denial of payment supported?
- Is Memorial Compounding Pharmacy (Memorial) entitled to reimbursement of the disputed services?

### Findings

- Memorial is seeking reimbursement of \$293.10 for Meloxicam and Cyclobenzaprine, dispensed on December 19, 2016. Znat Insurance Company (Znat) denied the disputed services with claim adjustment reason code DP2 – "All Zenith pharmacy bills should be submitted by the dispensing pharmacy to TMESYS using one of the methods outlined below." The explanations of benefits also stated, "CHARGES DENIED. DISPENSING PHARMACY IS EITHER IN ZENITH'S PBM AND REQUIRED TO BILL THROUGH THE PBM OR DOES NOT PARTICIPATE IN THE PBM. PBM PARTICIPATING PHARMACIES MUST SUBMIT ALL BILLS TO ZENITH'S PBM TMESYS."

28 Texas Administrative Code §133.210(e) states, "It is the insurance carrier's obligation to furnish its agents with any documentation necessary for the resolution of a medical bill. The Division considers any medical billing information or documentation possessed by one entity to be simultaneously possessed by the other." Therefore, the division concludes that Znat's reason for denial of payment is not supported. Reimbursement will be reviewed in accordance with applicable fee guidelines.

- 28 Texas Administrative Code §134.503 applies to the pharmaceutical services in dispute and states, in pertinent part:
  - The insurance carrier shall reimburse the health care provider or pharmacy processing agent for prescription drugs the lesser of:
    - the fee established by the following formulas based on the average wholesale price (AWP) as reported by a nationally recognized pharmaceutical price guide or other publication of pharmaceutical pricing data in effect on the day the prescription drug is dispensed:
      - Generic drugs:  $((\text{AWP per unit}) \times (\text{number of units}) \times 1.25) + \$4.00$  dispensing fee per prescription = reimbursement amount;
      - Brand name drugs:  $((\text{AWP per unit}) \times (\text{number of units}) \times 1.09) + \$4.00$  dispensing fee per prescription = reimbursement amount;
      - When compounding, a single compounding fee of \$15 per prescription shall be added to the calculated total for either paragraph (1)(A) or (B) of this subsection; or
    - notwithstanding §133.20(e)(1) of this title (relating to Medical Bill Submission by Health Care Provider), the amount billed to the insurance carrier by the:
      - health care provider; or
      - pharmacy processing agent only if the health care provider has not previously billed the insurance carrier for the prescription drug and the pharmacy processing agent is billing on behalf of the health care provider.

Each drug is listed below with its corresponding reimbursement amount as applicable.

Ingredient	NDC & Type	Price/ Unit	Total Units	AWP Formula §134.503(c)(1)	Billed Amt §134.503 (c)(2)	Lesser of (c)(1) and (c)(2)
Meloxicam 15 mg	29300012510 Generic	\$4.845	30 tablets	$(\$4.845 \times 30 \times 1.25) + \$4.00 = \$185.69$	\$202.85	\$185.69
Cyclobenzaprine 10 mg	00603307932 Generic	\$1.09149	30 tablets	$(\$1.09149 \times 30 \times 1.25) + \$4.00 = \$44.93$	\$90.25	\$44.93
Total						\$230.62

The total reimbursement is therefore \$230.62. This amount is recommended.

### Conclusion

For the reasons stated above, the Division finds that the requestor has established that additional reimbursement is due. As a result, the amount ordered is \$230.62.

### **ORDER**

Based on the submitted information, pursuant to Texas Labor Code Section 413.031 and 413.019 (if applicable), the division has determined the requestor is entitled to additional reimbursement for the disputed services. The division hereby ORDERS the respondent to remit to the requestor \$230.62, plus applicable accrued interest per 28 Texas Administrative Code §134.130, due within 30 days of receipt of this order.

### Authorized Signature

_____	Laurie Garnes	September 8, 2017
Signature	Medical Fee Dispute Resolution Officer	Date

### **YOUR RIGHT TO APPEAL**

Either party to this medical fee dispute has a right to seek review of this decision in accordance with Rule §133.307, effective May 31, 2012, *37 Texas Register 3833*, **applicable to disputes filed on or after June 1, 2012**.

A party seeking review must submit a **Request to Schedule a Benefit Review Conference to Appeal a Medical Fee Dispute Decision** (form **DWC045M**) in accordance with the instructions on the form. The request must be received by the division within **twenty** days of your receipt of this decision. The request may be faxed, mailed or personally delivered to the division using the contact information listed on the form or to the field office handling the claim.

The party seeking review of the MFDR decision shall deliver a copy of the request to all other parties involved in the dispute at the same time the request is filed. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision*** together with any other required information specified in 28 Texas Administrative Code §141.1(d).

**Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.**